

CAPITAL IMPROVEMENT PROGRAMMING

1

ORGANIZATION OF THE CIP

The Fayette County Capital Improvement Program is composed of three major sections. The first section, **Capital Improvement Programming**, describes capital improvement programming, its relationship to planning and budgeting, and how the Fayette County CIP is developed.

Section two, the **Program Summary**,

contains the highlights of individual program areas, the financial and funding characteristics of the proposed program, and the anticipated schedule for funding the program. This section also relates the capital program to the County's fiscal policies.

The third section, **Functional Program Areas**, presents the program elements contained in the CIP, project descriptions, and costs summaries.

There are nine program elements included in the CIP:

911 Communications	Road Department
Elections	Sheriff's Office
Fire and Emergency Services	Tax Assessor's Office
Information Systems	Water System
Recreation	

There are four program elements listed as potential projects for a future CIP:

E-911 Center Addition	Recreation
Sheriff's Office	Road Department

Each program element is composed of seven parts: 1) issues and background conditions with which the program attempts to deal; 2) goals which guide the development of the program; 3) Comprehensive Plan guidance for the functional area; 4) recent program activity; 5) current program summary; 6) descriptions of project included in the program and those which are recommended for deferral; and 7) a table of the project funding summaries and schedules. The funding schedules indicate the total cost of each project and the amount to be scheduled over the five year CIP period. In

addition, these tables show a recommended resource of funding for each project.

BENEFITS OF CAPITAL PROGRAMMING

A long-term capital improvement program has many obvious benefits that are derived from its systematic approach to planning and financing public agency projects. These benefits will not occur however, simply with the annual production of the document and its subsequent adoption by the Board of

Commissioners. Its usefulness and value depend on continuing legislative support of the project and firm executive commitment in carrying out program recommendations on a daily basis. Some of the more important benefits to be derived from a viable capital programming process include the following:

- **Assists in the implementation of the Comprehensive Plan**

By outlining the facilities needed to serve the population and land uses called for in the Plan and by scheduling them over time, the CIP guides the public construction program for the future.

The investment of funds in public facilities clearly has an impact on the pattern of community development.

This can be most clearly seen in the extension of water lines and transportation networks, and carries over in terms of parks, fire and sheriff facilities and the like. Planning for such public facilities and the public announcement of intentions to acquire property, or scheduling construction of new facilities can do much to influence private development decisions. Likewise, private development plans can have an effect in the formulation and priority ranking of projects proposed in the CIP. Thus the CIP is intended to provide an important element in the strategy to achieve the goals and policies established in the Comprehensive Plan. However, the CIP cannot function alone. Used in concert with the zoning ordinance, subdivision regulations, and other regulating legislation, as well as an awareness of current economic conditions and private market decisions, the CIP is one means of implementing certain aspects of the Comprehensive Plan.

- **Focuses attention on community goals and needs**

Capital projects can be brought into line with community objectives, anticipating growth and the government's ability to pay. By planning ahead for projects, those that are needed or desired the most can be constructed or acquired first. Maximum satisfaction can thereby be gained from the public money invested. The CIP, once adopted, keeps the public informed about future capital investment plans of the County. The public involvement in the CIP process provides a mechanism through which a previously unidentified need can surface, be addressed and placed in a framework of Countywide needs. In addition, knowledge of future capital projects and the ability of the County to fund these projects can be valuable to the private development sector.

- **Encourages more efficient government administration**

The CIP promotes coordination among government agencies and provides a check on potential overlapping or conflicting programs. Coordination of capital improvement programming by County agencies can reduce scheduling problems and overemphasis on any government function. Work can be more effectively scheduled and resources better utilized when it is known in advance what, where, and when projects are to be undertaken. Furthermore, advance programming can assist in avoiding costly mistakes due to improper project scheduling.

The program can guide local officials in making sound annual budget decisions. In addition, the CIP will indicate where sites for projects are

needed and where advance acquisition may be necessary to ensure the availability of land.

- **Fosters a sound and stable financial program**

Through capital facilities planning, the need for bond issues or other revenue production measures can be foreseen and action taken before the need becomes so critical as to require emergency financing measures. In addition, sharp changes in the tax structure and bonded indebtedness may be avoided when the projects to be constructed are staged over a number of years. Where there is sufficient time for planning, the most economical means for financing each project can be selected in advance. The CIP can facilitate reliable capital expenditure and revenue estimates and reasonable bond programs by looking ahead to minimize the impact of capital improvement projects. Keeping planned projects within the financial capacity of the County helps to preserve its credit rating and makes it more attractive to business and industry. Thus, the CIP is an integral element of the County's budgetary process.

GUIDING PHILOSOPHIES

Legal Basis for Capital Programming

The FY2005-FY2009 Capital Improvement Program (CIP) was prepared pursuant to Section 36-81-3 (2) of the Code of Georgia which states that:

Each unit of local government shall adopt and operate under a project-

length balanced budget for each capital project fund in use by the government. The project-length balanced budget shall be adopted by ordinance or resolution in the year that the project initially begins and shall be administered in accordance with this article. The project-length balanced budget shall appropriate total expenditures for the duration of the capital project.

Basis for Planning

The CIP and the Comprehensive Plan are mutually supportive; the Plan identifies those areas suitable for development and the public investment they will require. The CIP translates these requirements into capital projects designed to support the goals and policies of the Comprehensive Plan. In this way, necessary public facilities are available, or at least planned, in a concurrent time frame with private development. By providing a realistic schedule for the provision of facilities, orderly development, in the best interest of the citizens of Fayette County, can be achieved.

Recommendations for public improvements made in the Comprehensive Plan have been reviewed for inclusion in the CIP. Since the Plan deals with a longer time frame than the CIP, many projects recommended for implementation in the plan are not included in the five-year CIP period. Many projects not included at this time will be incorporated into the CIP as existing needs are met and additional growth occurs. The extent to which growth does or does not occur in a given area will influence both the timing and scope of capital projects. While it is a desired goal to minimize public facility deficiencies, it is equally desirable that only those projects with an identified need will be constructed.

Basis for Budgeting

The CIP and the Capital Budget are linked in two areas. The first year of the CIP is the Capital Budget. Action by the Board of Commissioners to adopt the Capital Budget alters the CIP as well.

The first year of the Capital Improvement Program is one component of the Capital Budget. When adopted by the Board of Commissioners, the capital budget formally authorizes the expenditures of funds for FY 05 capital projects. Projects outlined in the remaining four years (FY 06-09) are for planning purposes only and are authorized, but not budgeted, until included in an adopted Capital Budget. In addition, some projects are listed only as future potential candidates for CIP planning purposes.

Once approved, the appropriation for each Capital Project is retained, from fiscal year to fiscal year, until the appropriation is expended or the project is completed. This practice is in accordance with Fayette County Fiscal Policies and generally accepted budgeting procedures.

CAPITAL PROJECT DEFINITION

A capital project includes the construction or maintenance of physical systems or facilities. Such projects could include bridges, streets, traffic control devices, water system facilities, public buildings, communication systems, and recreation facilities. In addition, a capital project may enhance economic development through job creation and business formation.

For budgeting and accounting purposes, a

capital project is defined as an individual asset or project expenditure of at least \$50,000 with an expected useful life of five years or more.

CAPITAL PROGRAMMING PROCESS IN FAYETTE COUNTY

The Capital Improvement Program for Fayette County is developed according to a calendar, which typically covers a five-month time frame. While capital programming is an ongoing activity, the County's formal CIP process is initiated in early February when Project Request Forms are transmitted to all County agencies by the Finance Department. At that time, agencies are requested to provide information on the project scopes, justification, project cost estimates and related schedules, and estimated operating costs.

Agency submissions are received by the Finance Department in April. These submissions are reviewed by staff and forwarded to the Capital Improvement Program Committee who evaluates each request for need, Comprehensive Plan consistency, and funding requirements. Recommendations for the appropriate funding and phasing of projects are coordinated with the respective agencies, the Finance Department, the County Administrator's Office and a proposed CIP is developed. The proposed CIP is forwarded to the Board of Commissioners for their consideration. The Board of Commissioners holds public hearings on the CIP in June, concurrent with the public hearings on the County's Operating Budget, and subsequently edits and adopts the CIP.